

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 468 - SB 1261

March 24, 2011

SUMMARY OF BILL: Excludes from the definition of real property, for property classification and assessment purposes, any property determined by Tennessee courts to be personal property.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue – Exceeds \$1,000,000

Assumptions:

- The provisions of this bill will effectively reclassify certain real property to personal property thereby subjecting such property to an extra 15% reduction from the 55% classification rate. Based on an example provided by the Comptroller of the Treasury, in 2003 the Tennessee Court of Appeals determined that buried pipeline owned by a public utility company was personal property resulting in substantial decrease in local revenues.
- Pursuant to §67-5-501(9)(B), property that could be subject to this proposed bill includes, but is not limited to, rail infrastructure; telephone, broadcast, transmission, and telegraph poles; underground pipes, wires, and conduits; and towers for electrical conductions.
- The total amount of property taxes currently collected at the 55 percent rate is unknown. Due to numerous variables including the location of such property, any applied depreciation, and the type of taxable property, the total reduction to local government revenue is unknown but is estimated to exceed \$1,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

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